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Notice of Meeting

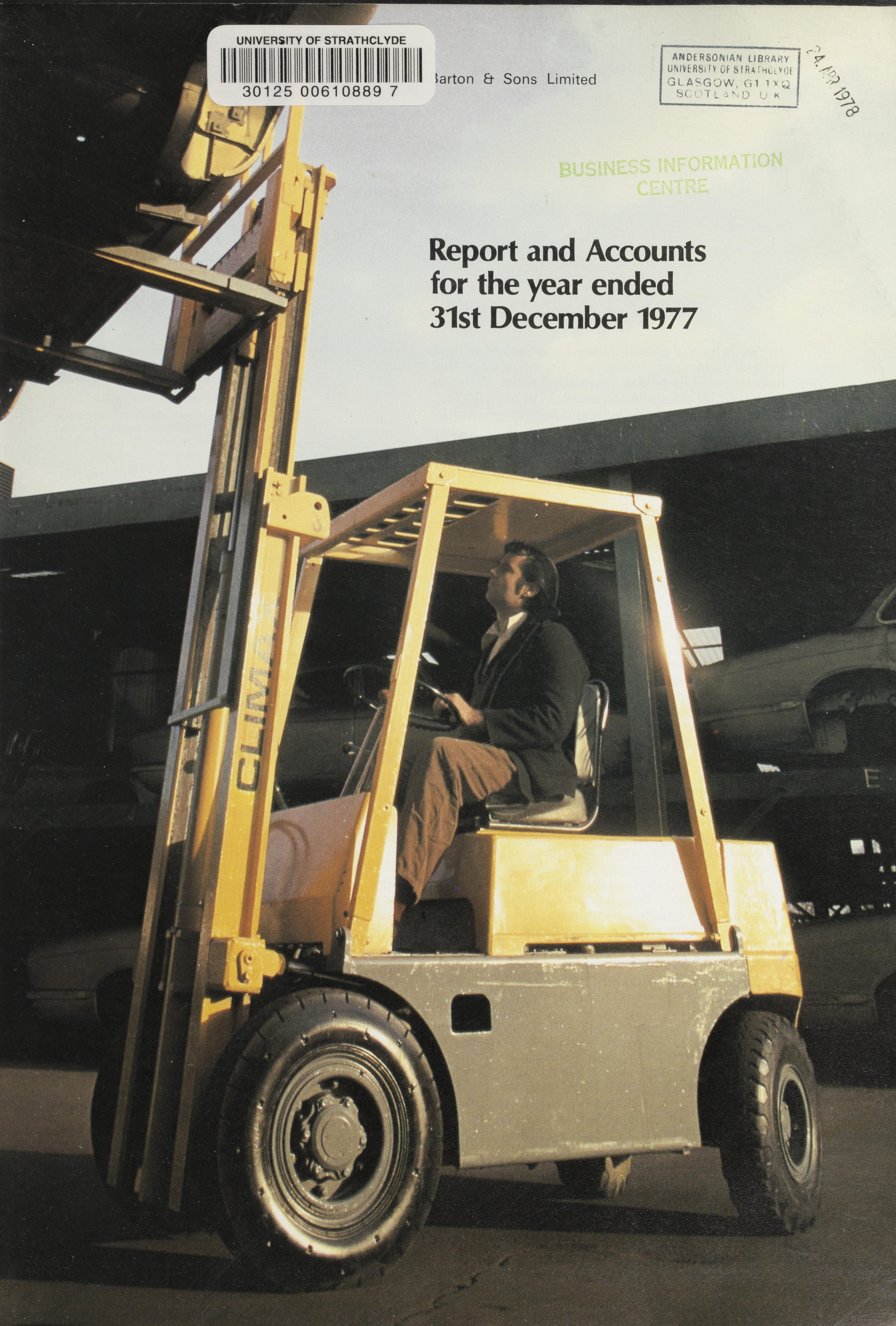


### Timetable

| Annual general meeting               | 17th May 1978      |
|--------------------------------------|--------------------|
| Payment of final ordinary divider    | nd 19th May 1978   |
| Interim statement — 1978 12          | 2th September 1978 |
| Payment of interim ordinary dividend | 3rd November 1978  |

Opposite page: Car bodies being moved by a Coventry Climax fork-lift truck for which Waltons make the chassis.

| Results in brief              |     |
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### Notice of Meeting

Notice is hereby given that the forty-second annual general meeting of the ordinary shareholders of the company will be held at Penns Hall Hotel, Walmley, Sutton Coldfield, on Wednesday, 17th May, 1978, at 12.30 p.m. for the following purposes:—

- 1 To receive the directors' report and statement of accounts for the year ended 31st December, 1977.
- 2 To declare a final dividend on the ordinary shares.
- 3 To elect directors.
- 4 To appoint auditors and authorise the directors to fix their remuneration.
- **5** As special business to consider and, if thought fit, to pass the following resolution:—

That it is desirable to capitalise the sum of £756,510 being part of the amount standing to the credit of revenue reserves in the books of the company and accordingly that the directors be and are hereby authorised and directed (a) to appropriate the said sum to the holders of the ordinary shares of the company in proportion to the number of shares (whether or not fully paid) held by them respectively as at the close of business on 17th April 1978 (b) to apply such sum in paying up in full 3,026,041 new ordinary shares of 25p each in the capital of the company and to allot and distribute such new shares credited as fully paid and ranking as regards dividends declared after the passing of this resolution and in all other respects pari passu with existing fully paid shares in the capital of the company to and amongst such holders in the proportions of one such new share for every five shares of 25p each then held by such holders and (c) as regards fractions of shares to sell the total number of shares represented by these fractions and to apply the proceeds of such sale for the benefit of the company.

6 To transact any ordinary business of the company.

By Order of the Board,

A. L. KENDRICK Secretary.

Marriott Road, Dudley, West Midlands.

24th April 1978.

#### NOTES:

- 1. A member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and a proxy need not be a member.
- 2. The report and accounts are sent to all shareholders of the company but holders of preference shares are not entitled to attend or vote at the above meeting.
- 3. There will be available for inspection at the registered office of the company from the date of the above notice until the date of the meeting during normal business hours and for fifteen minutes prior to and during the meeting at the place of meeting:—
- (a) Contracts of service of certain directors with the company not terminable within one year without compensation.
- (b) Details of dealings of directors and their families in shares of the company during the preceding twelve months.

### Results in brief

| The group's 16 subsidiary companies made engineering products worth (of which £40.9 million were sold and the remainder added to stock)                           | £41.1 | million |
|---|-------|---------|
| Materials—chiefly steel cost  | £20.1 | million |
| Other supplies and overheads cost (including pension and other payroll costs)   | £8.9  | million |
| Our 2,663 employees received (average earnings £3,187)  | £8.5  | million |
| These outgoings leave a pre-tax profit of (an increase of 11%)  | £3.6  | million |
| from which an amount was set aside to meet tax liabilities of (although due to various reliefs only £0.7m is payable)   | £1.8  | million |
| Our 3,091 shareholders will receive dividends of (an increase of 11%)   | £0.5  | million |
| The remaining sum of together with the charge for depreciation and the increase in deferred tax provisions has been used to help finance new plant, buildings and | £1.3  | million |

provide working capital.

### Chairman's Statement

I approach this statement with very real diffidence as I am conscious that I am following in the footsteps of a remarkable man. Charles Roper has been associated with this company since its flotation in 1935 (and with one of its subsidiaries for some years before that) and by sheer merit rose through the company until he became Chairman, a post which he held for 14 years until his retirement at the end of September 1977. I have had the privilege of being associated with him and with the Barton Group for some twenty years and I do not think I know a man who commands such universal respect amongst his colleagues, associates and competitors. His dedication and contribution to the business of the Barton Group is demonstrated more clearly by the accounts upon which I have the privilege to report than by words which I can find.

There is a great deal more which I could say about Charles Roper, but he is a modest man who has always to my mind under-rated his own very special contribution and there is a danger that it might sound like an obituary. He is extremely alive and well and will, of course, be our guest of honour at the annual general meeting on the 17th May.

#### Results for the Year

The figures for 1977 very largely speak for themselves and there are only one or two comments I would wish to make. At the interim stage it was considered doubtful whether the results would be quite as good as those for 1976, but in the event the second half year and particularly the final quarter showed an improvement over budgets, and a record profit before taxation of £3.621m was achieved and it is particularly pleasing that the whole of the improvement came from our United Kingdom operations. Our overseas companies — who are operating in very difficult trading conditions — in fact contributed in sterling terms slightly less to group profits than they did in 1976.

Another very pleasing feature of the year is demonstrated graphically by the group funds flow statement on page 10. Despite investment in fixed assets of no less than £1.90m (as opposed to a depreciation charge of £0.67m) net borrowings were reduced by £1.46m, an example of the good housekeeping which has always in my view characterised the management of your company.

The final dividend recommended is the maximum permissible by law and shareholders will note that the dividend recommendation contained in the



Left:
A selection from the range of Whitehouse tools

### Chairman's Statement continued

directors report is slightly unusually worded as it was hoped — in the event in vain — that the budget proposals might reduce the standard rate of income tax.

#### Capitalisation Issue

Reserves are now very substantially in excess of the issued share capital of the company and it is felt that the share capital should be increased to reflect to some degree the increased capital employed in the business. It will accordingly be seen from the directors report that a scrip issue is recommended, subject to shareholders' approval, of one ordinary share for every five ordinary shares held at the close of business on the 17th April 1978 and it is envisaged that dealings therein will commence on 30th May 1978.

#### **General Review**

It is a useful discipline for the board of any company from time to time to attempt to look at the company as an outsider would view it, and my recent appointment as Chairman gives me an opportunity to put on paper the results of such a review in the hope that it might be useful to shareholders. Our accounts have for many years given shareholders a degree of detailed information which is not always available in respect of other companies, but 25 pages or so is a great deal to assimilate and a brief word picture might be of some assistance.

We are, of course, an engineering group whose activities fall loosely into three divisions, one of which divisions operates in three countries. Barton & Sons Limited is purely a holding company and the business is carried on by some seventeen trading subsidiaries, of which fifteen are situate in the United Kingdom, one in Canada and one in South Africa. Each trading subsidiary has its own board of directors and is responsible to a divisional chairman who is also a managing director of one of our principal trading subsidiaries. The group office staff is small and its principal task is to co-ordinate the financial affairs of the group and to carry out the central administration including responsibility for pensions and registration. The management of our overseas subsidiaries is assisted by experienced and distinguished local non-executive directors.

Although in earlier years the group grew by acquisition, growth has largely been achieved for a considerable time by planned internal expansion, of

which perhaps the two most significant examples are the establishment many years ago of tube making companies in Canada and South Africa to build upon the base which had been established in the United Kingdom, and the steady expansion of our interests in industrial abrasives culminating in the current substantial capital expenditure referred to in some detail in the chairman's statement last year. Internal expansion is planned to continue but the group is also actively seeking the acquisition of companies complementary to our existing businesses.

The group balance sheet demonstrates the financial resources available to your company to pursue a policy of expansion. Our accounts are conservatively prepared and although our shareholders funds are shown at a little over £13m it will be appreciated from an examination of the directors report and the notes to the accounts that this does not necessarily represent the true strength of the company. Our properties are worth several million pounds more than their balance sheet values and many people might take the view that the provision of over £3m for deferred taxation effectively represents an addition to shareholders funds. Although the group has always pursued a policy of providing in full for taxation theoretically payable at some future date, the actual tax paid by the group has been for many years very materially lower than the provision made in the accounts. In relation to effective shareholders funds group borrowings are very modest.

The five year record appearing on Pages 18 and 19 is of interest. Despite trading conditions which have seldom been easy (particularly bearing in mind that our principal raw material is steel) the profits over a five year period have beaten inflation, taking into account the three countries in which the group operates, and I personally regard this as no mean achievement. Over the same period the profit on sales has averaged a little over 10% and the profit on shareholders funds has averaged well over 25%. These figures compare very favourably with those for manufacturing industry as a whole. A newly appointed non-executive Chairman who can take no credit for these results is perhaps entitled to highlight the very real achievements of his executive colleagues.

#### Overseas Investment

The subject of South Africa is politically and emotionally sensitive and I think it would be right

to make some comment thereon. Our original investment in South Africa was made at the time when political attitudes were very different and personally I should like to pay tribute to the energy and skill of an extremely loyal management team who — many thousands of miles away from group office — have built up an extremely substantial company almost entirely from self-generated funds.

The parent company's original loans to finance the venture have been repaid, regular dividends are remitted to this country and the growth of this subsidiary in recent years has been achieved through the use of retained profits and local borrowings. I do not think that in any way we should be diffident about our involvement in South Africa. In financial terms it has represented a most profitable investment and in human terms our South African directors are good employers, with an equal concern for the well being of their employees as we like to think we have in the United Kingdom. As matters stand at the present time I cannot think that a withdrawal from this market would be in the interests of shareholders; or equally importantly in the interests of the black majority in South Africa whose standards of living are dependant on the provision of employment by enlightened and fair minded management.

#### Prospects

In the medium term I am very confident about the continued progress of your company and the board is devoting a great deal of time and attention to the opportunities available for acceleration of such progress. However, all companies are by no means masters of their own destinies and are subject to economic and political circumstances beyond their control which makes short term forecasting an extremely hazardous business. Your board felt last year that on balance it was unlikely that the results for 1977 would equal those for 1976 but in the event they were proved wrong. At this early stage in the year it might be prudent to express similar reserve with regard to 1978, but I am very conscious that it would only need the slightest following wind to surprise ourselves once again.

JOHN WARDLE

#### Directors

J M Wardle, LLB Chairman

J S Roper, FCA Deputy Chairman

N Harlow

G B Sheldon, CEng., FIProd.E

H J Thomson

S Worrall

F J Meldrum, MA

#### Secretary and Registered Office

A L Kendrick Marriott Road, Dudley, West Midlands.

#### Auditors

Peat, Marwick, Mitchell & Co., Windsor House, Temple Row, Birmingham.

#### Solicitors

Bankers

West Midlands.

Edge & Ellison, Hatwell Pritchett & Co., Rutland House, Edmund Street, Birmingham.

# Barclays Bank Limited, Colmore Row, Birmingham. Midland Bank Limited, Willenhall,

### Report of the Directors

#### Activities

The trading activities of the group are entirely carried out by the subsidiary companies, the parent company being purely a holding company. The products of the subsidiaries fall into three categories — steel tubing, structural steelwork and welded fabrications and general engineering. The latter division produces a wide range of products significant being metallic abrasives, drop forgings and aluminium castings. The tubing division has manufacturing units in Canada and South Africa but the remainder of the group's manufacturing activities are based in the United Kingdom. A list of companies and their products is given on page 20.

#### Sales

The turnover of the group in the year amounted to £40.86 million of which exports from the United Kingdom contributed £2.14 million. A detailed analysis on a geographical basis and by customers is given on page 17. The turnover of the three divisions was as follows:-

|                            | 1977   | 1976   |
|----------------------------|--------|--------|
|                            | £000   | £000   |
| Steel tubing               | 20,052 | 19,198 |
| Steelwork and fabrications | 9,665  | 7,821  |
| General engineering        | 11,148 | 9,898  |
|                            | 40,865 | 36,917 |

#### Profit

The profit for the year amounted to £3,621,737 and after taxation of £1,832,166 and preference dividends of £13,480 leaves £1,776,091 available for distribution to ordinary shareholders. The profit earned by the different divisions was as follows:-

|                            | 1977  | 1976  |
|----------------------------|-------|-------|
|                            | £000  | £000  |
| Steel tubing               | 1,701 | 1,816 |
| Steelwork and fabrications | 772   | 727   |
| General engineering        | 1,490 | 1,102 |
|                            | 3,963 | 3,645 |
| Less Interest (net)        | 342   | 383   |
|                            | 3,621 | 3,262 |

#### Dividends

An interim dividend of 1.2p per share has been paid in respect of the year and a special interim dividend of 0.0281 pence per share was paid in respect of the year 1976. The directors recommend the payment of a final dividend of 2.0686p or such greater amount as may be permitted by the dividend restraint regulations which you will be asked to approve at the annual general meeting. Subject to approval the final dividend will be paid on 19th May 1978 to shareholders on the register at 17th April 1978.

#### Capitalisation Issue

In order to bring the share capital of the company and the shareholders funds more into line the directors recommend that a capitalisation issue of one new ordinary share for every five ordinary shares held be made to shareholders on the register at the close of business on the 17th April 1978. The shares will be made paid up by capitalising £756,510 out of revenue reserve and the new shares will rank pari passu with existing ordinary shares including the right to all dividends declared after approval of the issue. It is proposed to sell the fractions of shares for the benefit of the company. Application has been made to the Council of The Stock Exchange for the new shares to be admitted to the Official List. If approved by the annual general meeting renounceable certificates will be posted on 26th May 1978 for dealings to commence on 30th May 1978.

#### **Fixed Assets**

In June 1976 the directors obtained a valuation of the group's land and buildings. This revealed that the market value of these assets was £7.3 million against a book value at that time of £3.5 million. The level of book value was not amended. Since then the sterling equivalent of the values of overseas properties has declined by £0.4 million but on the other hand property values have increased. The directors are of the opinion that the present market value of the group's land and buildings including additions since 1976 is not less than £8.0 million. Capital expenditure during the year amounted to £1,900,795. Assets sold or scrapped during the year had a net book value of £86,226. The capital expenditure incurred was distributed as follows:-

|                            | £000   |
|----------------------------|--|
| Steel tubing               | 362  |
| Steelwork                  | 268  |
| General engineering        | 1,271  |
|                            | 1,901  |
| United Kingdom<br>Overseas | 1,710<br>191   |
|                            | 1,901  |
|                            | AND THE PARTY OF T |

#### Directors

The present directors of the company are listed opposite. On 30th September 1977 Mr. C. A. Roper retired, resigning from the post of chairman and as a director of the company. Mr. J. M. Wardle was appointed chairman and on 15th November 1977 Mr. F. J. Meldrum was appointed a director. Details of the directors shareholdings are given on page 24. The directors retiring by rotation are Messrs. J. S. Roper and G. B. Sheldon who being eligible offer themselves for re-election. In addition Mr. F. J. Meldrum retires for his appointment to be confirmed by the annual general meeting in accordance with the articles of the company.

#### Contracts

There were no disclosable contracts or arrangements subsisting at any time during the year between the company and any of its directors.

#### **Employees**

The group employed an average of 2,663 employees — 599 overseas and 2,064 in the United Kingdom. Total earnings amounted to £8,486,541 — £2,312,593 overseas and £6,173,948 at home. A statement is available on request giving details of wages paid by the company's South African subsidiary.

#### Auditors

The auditors, Messrs. Peat, Marwick, Mitchell & Co., have indicated their willingness to remain in office and a resolution for their reappointment will be proposed at the annual general meeting.

#### Donations

During the year no contributions were made by United Kingdom companies to political causes but £5,746 was donated to charitable causes.

## Group Profit and Loss Account For the year ended 31st December 1977

|  | NOTES | 1977<br>£000 | 1976<br>£000 |
|--|-------|--------------|--------------|
| Turnover   | 4     | 40,865       | 36,917       |
| Group profit on trading                          | 5     | 3,963        | 3,645        |
| Income from deposits and loans                   |       | 17           | 21           |
| Interest payable                                 | 6     | 3,980 359    | 3,666 404    |
| Total group profit                               |       | 3,621        | 3,262        |
| Group charge for taxation                        | 7     | 1,832        | 1,607        |
| Group profit after taxation Preference dividends | 8     | 1,789        | 1,655        |
| i reference arviaerias                           |       |              | 13           |
| Ordinary dividends                               | 9     | 1,776<br>499 | 1,642 443    |
| Profit retained by group                         |       | 1,277        | 1,199        |
| Earnings per ordinary share                      | 10    | 11.74p       | 10.85p       |
| Dividend per ordinary share                      | 9     | 3.2686p      | 2.9265p      |

### Group Balance Sheet

31st December 1977

|                                 | NOTES |              | 1977<br>£000 |              | 1976<br>£000 |
|---------------------------------|-------|--------------|--------------|--------------|--------------|
| Share capital                   | 11    |              | 4,103        |              | 4,103        |
| Revenue reserve                 | 12    |              | 8,986        |              | 8,463        |
| Deferred liabilities            |       |              |              |              |              |
| Taxation                        | 13    |              | 4,057        |              | 3,231        |
| Medium term loans               |       |              | 2,000        |              | 1,000        |
|                                 |       |              | 19,146       |              | 16,797       |
| Fixed assets                    | 14    |              | 7,316        |              | 6,675        |
| Current assets                  |       |              |              |              |              |
| Stock and work in progress      | 15    |              | 8,854        |              | 8,857        |
| Debtors  Bank and cash balances |       |              | 10,140       |              | 9,263        |
| Dank and Cash Dalances          |       |              | 19,143       |              | 18,132       |
|                                 |       |              |              |              |              |
| Less Current liabilities        |       |              |              |              |              |
| Bank overdrafts and loans       | 16    | 1,499        |              | 3,087        |              |
| Creditors Taxation              |       | 4,974<br>524 |              | 4,395<br>248 |              |
| Dividends                       | 17    | 316          |              | 280          |              |
|                                 |       |              | 7,313        |              | 8,010        |
| Net current assets              |       |              | 11,830       |              | 10,122       |
|                                 |       |              | 19,146       |              | 16,797       |

J M WARDLE

Directors

J S ROPER

### Group Funds Flow Statement

|                    |        |          | 4077 |
|--------------------|--------|----------|------|
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| ear ende           | UUIOLL |          |      |

|                                      | NOTES | 1977<br>£000 | 1976<br>£000  |
|--------------------------------------|-------|--------------|---------------|
| Source of funds                      |       |              |               |
| Profit before tax                    |       | 3,621        | 3,262         |
| Depreciation                         |       | 674          | 648           |
| Proceeds of sale of fixed assets     |       | 128          | 68            |
|                                      |       | 4,423        | 3,978         |
| Medium term loans                    |       | 1,000        | 1,000         |
|                                      |       | 5,423        | 4,978         |
| Application of funds                 |       |              |               |
| Taxation paid                        |       | 594          | 827           |
| Dividends paid                       |       | 476          | 431           |
| Purchase of fixed assets             |       | 1,901        | 1,259         |
| Additional working capital           | 21    | 992          | 2,523         |
| Acquisition of subsidiary            |       |              | 96            |
|                                      |       |              |               |
|                                      |       | 3,963        | 5,136         |
| Inflow used to reduce net borrowings |       | 1,460        | (outflow) 158 |

Certain figures in the statement have been adjusted as indicated in note 22.

### Balance Sheet

31st December 1977

|                                       | NOTES |            | 1977<br>£000 |           | 1976<br>£000 |
|---------------------------------------|-------|------------|--------------|-----------|--------------|
| Share capital                         | 11    |            | 4,103        |           | 4,103        |
| Revenue reserve                       | 12    |            | 4,264        |           | 4,054        |
|                                       |       |            |              |           |              |
| Deferred liability  Medium term loans |       |            | 2,000        |           | 1,000        |
|                                       |       |            | 10,367       |           | 9,157        |
| Subsidiary companies                  | 18    |            | 11,737       |           | 10,770       |
| Fixed assets                          | 14    |            | 5            |           | 6            |
|                                       |       |            | 11,742       |           | 10,776       |
| Current assets                        |       |            |              |           |              |
| Debtors                               |       |            | 34           |           | 2            |
| Cash in bank                          |       |            | 4            |           | 4            |
|                                       |       |            | 38           |           | 6            |
| Less Current liabilities              |       |            |              |           |              |
| Bank overdrafts and loan              |       | 737        |              | 1,001     |              |
| Creditors                             |       | 279        |              | 51<br>293 |              |
| Taxation  Dividends                   | 17    | 2/5<br>316 |              | 280       |              |
|                                       |       |            | 1,413        |           | 1,625        |
| Net current liabilities               |       |            | 1,375        |           | 1,619        |
|                                       |       |            | 10,367       |           | 9,157        |

J M WARDLE

J S ROPER

Directors

### Notes on the Accounts

#### General notes

- 1 The accounts of all subsidiaries have been consolidated and the accounts of each one are coterminous with those of the parent company. Goodwill arising upon consolidation comprising the excess of cost of acquisition over net assets is written off against profits retained.
- 2 Expenditure upon research, development of new products, patents and repairs is written off as incurred.
- 3 Foreign currency has been converted into sterling at the average exchange rates ruling during the year for profit and loss account items and at the rates ruling at the year end for balance sheet items. Exchange adjustments at the year end are made through reserves.

#### Notes on the profit and loss account

4 Turnover is the value of goods sold and services rendered by group companies to outside concerns.

| 5 Group profit: Items already taken into account | 1977    | 1976   |
|--|---------|--|
| in arriving at the group profit include:         |         |  |
| Depreciation and disposal adjustments            | 674,001 | $\begin{array}{cccccccccccccccccccccccccccccccccccc$ |
| Plant hire                                       |         | 647,836  |
| Remuneration of parent company directors         | 197,547 | 158,658  |
| Exaratia aift to former director                 | 119,212 | 112,010  |
| Ex gratia gift to former director                | 5,550   |  |
| Auditors remuneration .                          | 30,838  | 28,713   |
| Payment to pension scheme                        |         |  |
|  |         | 90,000   |
| The directors' remuneration excluding pension    |         |  |
| contributions fell into the following ranges:—   |         |  |
| £2,501 to £5,000                                 | Number  | of Directors   |
|  | 2       | 1  |
| £7,501 to £10,000                                | 1       |  |
| £10,001 to £12,500                               |         |  |
| £12,501 to £15,000                               |         |  |
| £15,001 to £17,500                               |         | 1  |

| E7,501 to £10,000                              |
|--|
| £10,001 to £12,500                             |
| £12,501 to £15,000                             |
| £15,001 to £17,500                             |
| £17,501 to £20,000                             |
| E20,001 to £22,500                             |
|  |
| Remuneration of Chairman to 30th September 197 |
| Remuneration of Chairman from 1st October 1977 |

| Remuneration of Chairman to 30th September 1977<br>Remuneration of Chairman from 1st October 1977<br>Remuneration of highest paid director |
|--|
| Directors' fees  |
| Remuneration totalling £35,815 has been waived by five directors.  |
| In addition two United Kingdom employees not   |
| directors, received remuneration within the range  |
| £10,001 to £12,500 (1976 £12,501 to  |
| CALOOO   |

£15,000 — one)

| 6 Interest payable is on bank and other loan repayable within five years   | ns                     |                |                |
|--|------------------------|----------------|----------------|
| 7 Group charge for taxation based on the   |                        | 1977           | 1976           |
| profits to date is made up of:  Corporation tax—52%  |                        | £<br>1,372,784 | £<br>1,193,158 |
| Overseas taxation  |                        | 453,223        | 460,006        |
| Prior years  |                        | 6,159          | (46,315)       |
|  |                        | 1,832,166      | 1,606,849      |
| In calculating the charge for taxation credit has be taken for double taxation relief of £210,000 (197)  |                        |                |                |
| 8 Profit for the year after taxation dealt with i the accounts of Barton & Sons Limited is £821,4 (1976 £1,180,729)  |                        |                |                |
| 9 Ordinary dividends paid or proposed for  |                        | 1977           | 1976           |
| the year are as follows:—<br>Interim 1.2p per share (1976 1.1p)  |                        | 181,562        | 166,439        |
| Final 2.0686p per share (1976 1.8265p)   |                        | 312,996        | 276,353        |
| Special interim in respect of 1976   |                        | 4,252          |                |
|  |                        | 498,810        | 442,792        |
| 10 Earnings per share are based upon earning of £1,776,091 (1976 £1,641,622) and 15,130,2 shares of 25 pence in issue during the two years ended 31st December 1977. | 207                    |                |                |
| Notes on the balance sheets  |                        |                |                |
| 11 Share capital of Barton & Sons Limited  | 1977<br>•              | 1977<br>F      | 1976<br>f      |
|  | Authorised             | Issued         | Issued         |
| Ordinary shares of 25p each 6% (now 4.2% plus tax credit) cumulative   | 4,600,000              | 3,782,552      | 3,782,552      |
| preference shares of £1 each   | 400,000                | 320,944        | 320,944        |
|  | 5,000,000              | 4,103,496      | 4,103,496      |
| 12 Revenue reserve—profits retained:   | Group                  | Company        |                |
| As at 31st December, 1976  | 8,462,790              | 4,053,936      |                |
| Transfer from profit and loss account Foreign exchange adjustment on overseas  | 1,277,270              | 310,894        |                |
| Subsidiaries: Capital, capital reserve and advances Revenue reserves   | (101,203)<br>(653,013) | (101,203)      |                |
|  | 8,985,844              | 4,263,627      |                |

### Notes continued

| 13 Taxation (deferred):                          | 1977      | 1976      |
|--|-----------|-----------|
|  | £         | £         |
| Corporation tax due on or after 1st January 1979 | 382,000   | 609,000   |
| Taxation equalisation                            | 3,539,000 | 2,487,000 |
| Provision for tax on overseas profits            | 544,000   | 581,000   |
| Advance corporation tax recoverable              | (408,000) | (446,000) |
|  | 4,057,000 | 3,231,000 |

Taxation equalisation comprises tax at current rates on the net excess of book value of qualifying capital expenditure over tax written down value after deducting tax on timing differences relating to the pension fund payments.

Taxation equalisation also includes an amount of £1,747,000 in respect of stock relief which should only become payable in the event of a reduction in the stock values of subsidiary companies. Provision is made for the tax liability which would arise on the distribution of half the profits at present retained by overseas companies.

| 14 Fixed assets   | Group                             |                             |                   |                                   | Company          |
|---|-----------------------------------|-----------------------------|-------------------|-----------------------------------|------------------|
|   |                                   | Land and buildings          |                   |                                   |                  |
|   | Total                             | Freehold                    | Long<br>Leasehold | Plant and vehicles                | Vehicles         |
| COST Cost or valuation at 1.1.1977 Foreign exchange adjustment    | 13,053,776<br>(919,309)           | £<br>3,368,050<br>(278,927) | 181,092<br>       | £<br>9,504,634<br>(640,382)       | 13,016<br>—      |
|   | 12,134,467                        | 3,089,123                   | 181,092           | 8,864,252                         | 13,016           |
| Additions during year Acquisition of freehold                     | 1,900,795                         | 415,273                     | /4 0 4 0 0 0 0 0  | 1,485,522                         | 4,370            |
| Disposals   | (260,047)                         | 181,092 (26,754)            | (181,092)         | (233,293)                         | —<br>(9,899)     |
|   | 1,640,748                         | 569,611                     | (181,092)         | 1,252,229                         | (5,529)          |
| Cost or valuation 31.12.1977                                      | 13,775,215                        | 3,658,734                   |                   | 10,116,481                        | 7,487            |
| DEPRECIATION Depreciation at 1.1.1977 Foreign exchange adjustment | 6,378,357 (435,779)               |                             |                   | 6,378,357<br>(435,779)            | 7,408            |
| Depreciation upon disposals<br>Charge for year                    | 5,942,578<br>(173,821)<br>689,795 |                             |                   | 5,942,578<br>(173,821)<br>689,795 | (6,160)<br>1,499 |
| Depreciation at 31.12.1977  | 6,458,552                         |                             |                   | 6,458,552                         | 2,747            |
| NET BOOK VALUE<br>Net book value at 31.12.1977                    | 7,316,663                         | 3,658,734                   |                   | 3,657,929                         | 4,740            |
| 1976  | 6,675,419                         | 3,368,050                   | 181,092           | 3,126,277                         | 5,608            |

The fixed assets of certain companies have been included at valuation figures with subsequent additions at cost. The amounts of these valuations and the years in which made are as follows:—

|         | Land and buildings | Plant      |
|---------|--------------------|------------|
|         | £                  | £          |
| 1938    | 32,774             |            |
| 1955    | 35,000             | 48,599     |
| 1972    | 18,000             |            |
|         | 85,774             | 48,599     |
| At cost | 3,572,960          | 10,067,882 |
|         | 3,658,734          | 10,116,481 |
|         |                    |            |

The charge for depreciation has been calculated on a straight line basis at rates estimated to write off the original cost over the useful life of the asset. The lives assumed range between four and sixteen years.

No depreciation is provided on land and buildings. The aggregate of the amounts of capital expenditure sanctioned but not incurred at the end of the year was £1,710,000 (1976 £2,110,000) and the portion of this amount contracted was £1,335,000 (1976 £310,000).

| 15 Stock and work in progress have been           |
|---|
| valued at the lower of cost including an addition |
| for production overheads upon processed stock     |
| and estimated realisable value. Due allowance has |
| been made for obsolete or slow moving items.      |

| been made for obsolete or slow moving items.         |            |            |
|--|------------|------------|
|  | 1977       | 1976       |
| Stock of materials and consumables                   | 3,842,886  | 4,185,102  |
| Processed stock                                      | 5,794,171  | 5,225,352  |
| Receivable on account                                | (782,676)  | (553,592)  |
|  | 8,854,381  | 8,856,862  |
| 16 Bank overdrafts and loans are made up as follows: |            |            |
| Bank overdrafts—U.K.                                 | 780,697    | 1,241,385  |
| Bank overdraft—overseas                              |            | 380,209    |
| Bank loan—overseas (secured)                         | 718,451    | 1,465,196  |
|  | 1,499,148  | 3,086,790  |
| 17 Dividends accrued or proposed                     |            |            |
| Preference dividend accrued                          | 3,370      | 3,370      |
| Ordinary dividend                                    | 312,996    | 276,353    |
|  | 316,366    | 279,723    |
| 18 Subsidiary companies—investments and              | 1977       | 1976       |
| advances:  | £          | £          |
| Shares at cost less amounts provided                 | 2,308,417  | 2,440,309  |
| Advances to subsidiaries                             | 9,902,453  | 8,870,188  |
| Advances from subsidiaries                           | (473,315)  | (540,942)  |
|  | 11,737,555 | 10,769,555 |
| (A list of subsidiaries appears on page 20)          |            |            |

### Notes continued

- 19 Guarantees. The company has guaranteed and agreed to the right of set off in respect of the bank accounts of United Kingdom subsidiaries and the sums advanced to subsidiaries on discounting trade bills of exchange amounting in all to £125,000 (1976 £400,000).
- 20 Contingent liabilities existed in subsidiary companies in respect of bills of exchange discounted amounting to approximately £36,000 (1976 £133,000).

| Notes on the funds flow statement            |                                   |                                   |
|--|-----------------------------------|-----------------------------------|
| 21 Additional Working Capital is made up of: | 1977                              | 1976                              |
| Stock Debtors Creditors                      | 479,006<br>1,192,979<br>(679,663) | 745,133<br>2,769,168<br>(990,683) |
|  | 992,322                           | 2,523,618                         |

**22 Adjustments** have been made to movements in working capital and borrowings appearing in the funds flow statement to eliminate the effect upon the opening figures of the changes in exchange rates.

### Report of the Auditors

#### To the members of Barton & Sons Limited

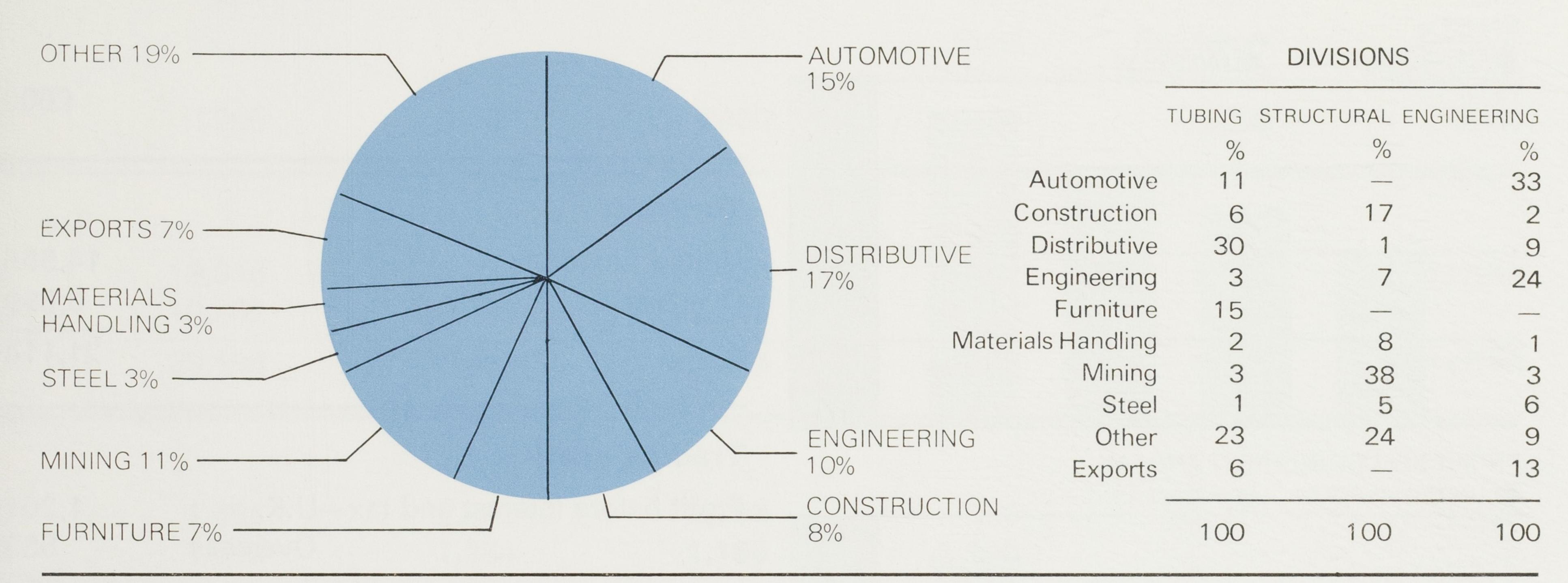
We have examined the accounts set out on pages 8 to 16 and 20 which have been prepared under the historical cost convention supplemented by revaluations of certain assets in 1938, 1955 and 1972. In our opinion they give, under that convention, a

true and fair view of the state of affairs of the Company and of the Group at 31st December 1977 and of the profit and source and application of funds of the Group for the year ended on that date and comply with the Companies Acts 1948 and 1967.

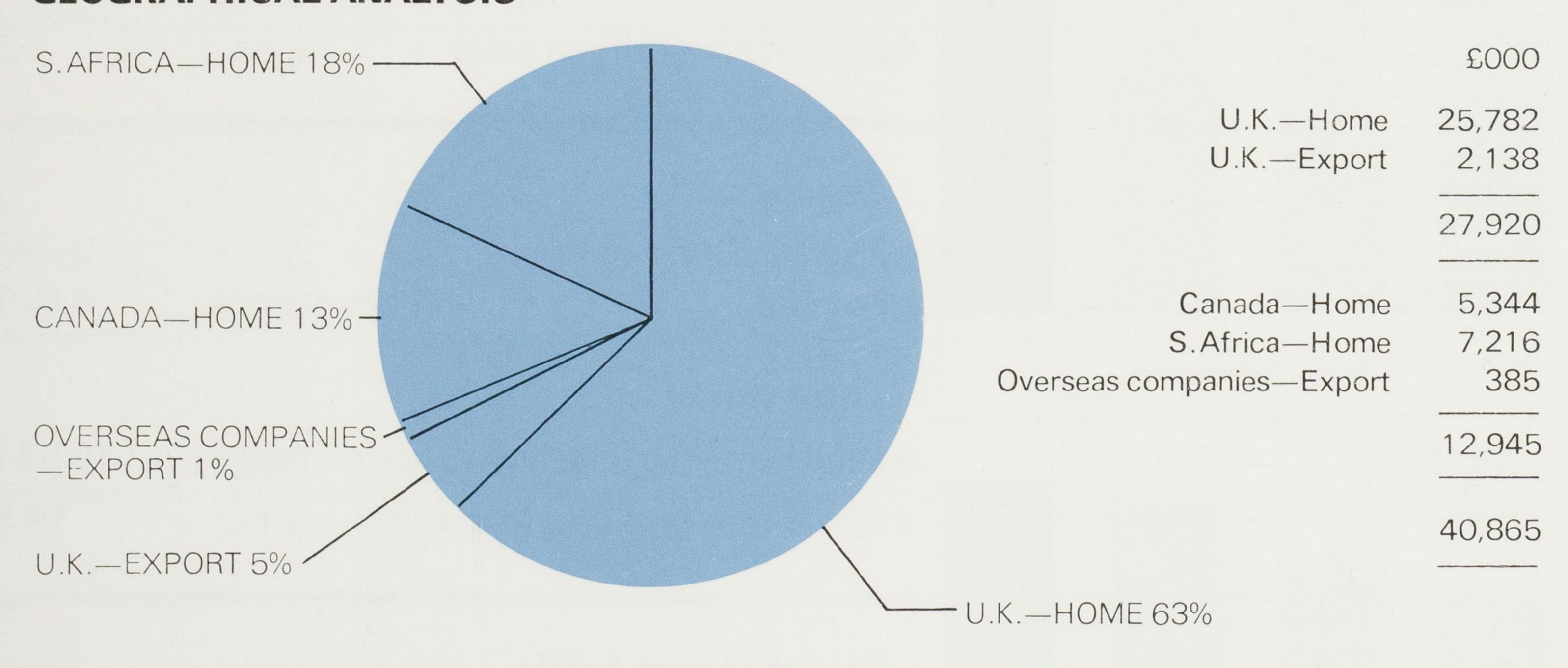
PEAT, MARWICK, MITCHELL & CO., Chartered Accountants.
Birmingham.
19th April, 1978.

### Sales and Costs

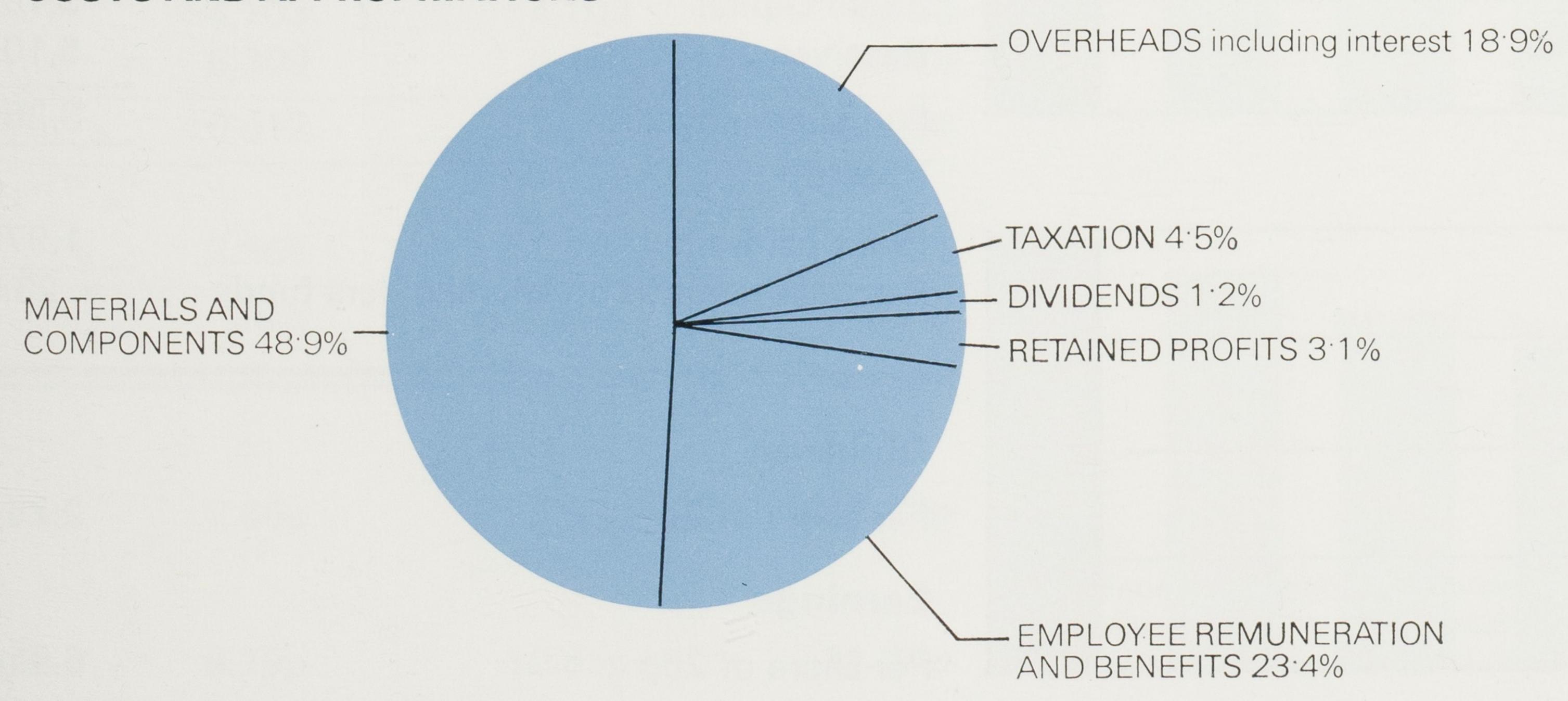
#### GROUP CUSTOMER ANALYSIS



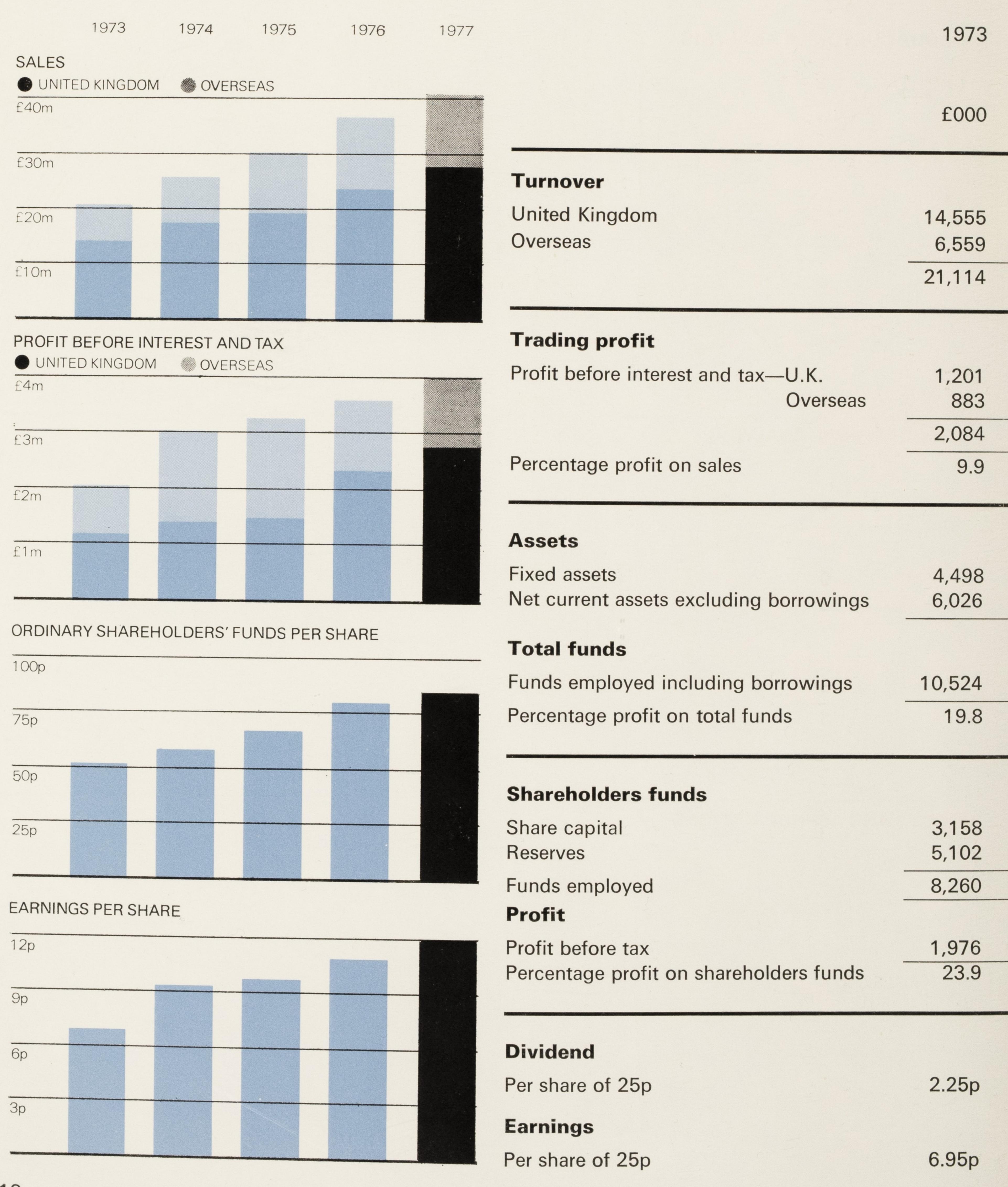
#### GEOGRAPHICAL ANALYSIS



#### COSTS AND APPROPRIATIONS



### Five Year Record



### Divisional Statistics

| 974  | 1975        | 1976          | 1977          | 1977          | 1977  | 1977                |
|------|-------------|---------------|---------------|---------------|---|---------------------|
|      |             |               |               | Steel tubing  | Steelwork and fabrications                        | General engineering |
| 000  | £000        | £000          | £000          | £000          | £000  | £000                |
| ,815 | 19,916      | 23,724        | 27,920        | 7,107         | 9,665   | 11,148              |
| ,362 | 30,198      | 13,193 36,917 | 12,945 40,865 | 12,945 20,052 | 9,665   | 11,148              |
| ,440 | 1,496       | 2,361         | 2,798         | 536           | 772   | 1,490               |
| ,629 | 1,430       | 1,284         | 1,165         | 1,165         |   | 1,700               |
| ,069 | 3,296       | 3,645         | 3,963         | 1,701         | 772   | 1,490               |
| 11.7 | 10.9        | 9.9           | 9.7           | 8.5           | 8.0   | 13.4                |
| ,944 | E E 60      | 6.675         | 7,316         | 3,514         | 953   | 2,849               |
| ,689 | 5,560 9,688 | 6,675 13,197  | 13,180        | 6,985         | 3,055   | 3,140               |
| ,633 | 15,248      | 19,872        | 20,496        | 10,499        | 4,008   | 5,989               |
| 24.3 | 21.6        | 18.3          | 19.3          | 16.2          | 19.3  | 24.9                |
| ,103 | 4,103       | 4,103         | 4,103         |               |   |                     |
| ,108 | 6,309       | 8,463         | 8,986         |               |   |                     |
| ,211 | 10,412      | 12,566        | 13,089        |               |   |                     |
| ,835 | 2,965       | 3,262         | 3,621         |               |   |                     |
| 30.8 | 28.5        | 26.0          | 27.7          |               |   |                     |
| .49p | 2.66p       | 2.93p         | 3.27p         |               | gures for dividends and                           |                     |
| .37p | 9.79p       | 10.85p        | 11.74p        |               | ne capitalisation issue in I shown net of any tax |                     |

### Subsidiary Companies

#### Steel tubing division

#### **Barton Conduits Ltd**

Walsall, West Midlands

High grade steel conduit, conduit fittings and accessories, steel cable trunking and fittings precision tubing for all trades. Malleable and grey iron castings.

#### Bartons Tube & Conduits Ltd.,

Barton & Sons S.A. (Proprietary) Ltd

Boksburg, South Africa.

#### Barton Tubes Ltd.

Burlington, Canada.

High Grade steel conduit and precision tubing for all trades.

#### Wilfred Russell (Wolverhampton) Ltd

Coseley, West Midlands.

Cable trunking and fittings.

### Structural steelwork and welded fabrication division.

#### Wilfred Robbins Ltd.,

Great Bridge, West Midlands,

#### Wright, Anderson & Co. Ltd.,

Gateshead, Tyne & Wear.

Structural steelwork, steel framed buildings, medium span bridges, power station and electrical transmission steelwork.

#### Walton & Co. (Wolverhampton) Ltd

Tettenhall, West Midlands.

Welded steel fabrications and heavy presswork for the mining, building, earth moving and mechanical handling industries.

#### General engineering division

#### Alphacast Ltd

Pen-y-groes, Gwynedd

Aluminium pressure die and malleable and grey iron castings.

#### Alpha Computer Services Ltd

Walsall, West Midlands.

Computer systems consultants.

#### **Barton Abrasives Ltd**

Aberdeen, Grampian Middlesbrough, Cleveland Great Bridge, West Midlands

Round shot and angular grit in chilled cast iron and steel.

#### Barton Handling Systems Ltd

Bilston, West Midlands

Steel slotted angle, shelving and storage systems.

#### **Barton Industrial Park Ltd**

Bilston, West Midlands.

Estate management.

#### Clydesdale Stamping Co. Ltd

Dudley, West Midlands

Drop forgings, upset forgings and precision press forgings.

#### Eyland & Sons Ltd

Walsall, West Midlands

Buckles of all kinds and small articles in brass and steel.

#### John Lawrie & Co (Aberdeen) Ltd

Aberdeen, Grampian

Processed metallic scrap and waste disposal service.

#### Premcast Aluminium Ltd

Walsall, West Midlands

Sand and gravity die castings in aluminium.

#### William Whitehouse & Co (Atlas Forge) Ltd

Warley, West Midlands

Hammers and other hand tools.

#### NOTES.

All companies are direct subsidiary companies of Barton & Sons Limited except Bartons Tube & Conduits Ltd, which is a subsidiary of Barton & Sons S.A. (Proprietary) Ltd.

The whole of the issued share capital of each company is owned within the group.

The overseas subsidiaries are incorporated and registered in their country of operation. The U.K. subsidiaries are registered in England except Barton Abrasives Ltd and John Lawrie & Co (Aberdeen) Ltd which are registered in Scotland. In addition six other companies are now dormant and having regard to the number of the company's subsidiaries are not listed.



### Inflation Adjusted Results

For the year ended 31st December 1977

| Results for the year Sales  | NOTES | Current Cost<br>£000<br>40,865 | Historical £000 |
|---|-------|--------------------------------|-----------------|
| Profit before taxation Gearing adjustment                         | 2     | 2,508<br>156                   | 3,621           |
| Taxation  | 3     | 2,664<br>1,348                 | 3,621 1,832     |
| Profit after taxation Dividends paid & proposed                   |       | 1,316<br>512                   | 1,789<br>512    |
| Retained profit of the group                                      |       | 804                            | 1,277           |
| Earnings per ordinary share (based on 15,130,207 shares in issue) |       | 8.69p                          | 11.74p          |
| Financial position at end of year                                 |       |                                |                 |
| Fixed assets  | 4     | 12,706                         | 7,316           |
| Current assets  |       | 19,768                         | 19,143          |
| Less current liabilities  |       | 6,829                          | 7,313           |
|   |       | 12,939                         | 11,830          |
|   |       | 25,645                         | 19,146          |

Right: The plastic container system marketed by Barton Handling.

Overleaf: Steelwork by Wright Anderson forming a bridge over the River Tyne at Styford.

### Notes on Adjusted Results

#### Basis

The historical results have been adjusted to show the effect on the results of implementation of the Accounting Standards Committee's interim recommendation.

#### **Profit before taxation**

The difference between the profit on an historical basis and on a current cost basis is made up as follows:-

> £000 £000 3,622

Profit before taxation — historical cost

#### Stock

Additional charge arising from the valuation of the stock consumed and sold in the year at cost current at the time of consumption or sale rather than historical cost. Current cost has been calculated by the averaging method

716

#### Depreciation

Additional depreciation based upon the current cost of fixed assets instead of the historical cost.

398

Profit before taxation — current cost

2,508

1,114

#### Taxation

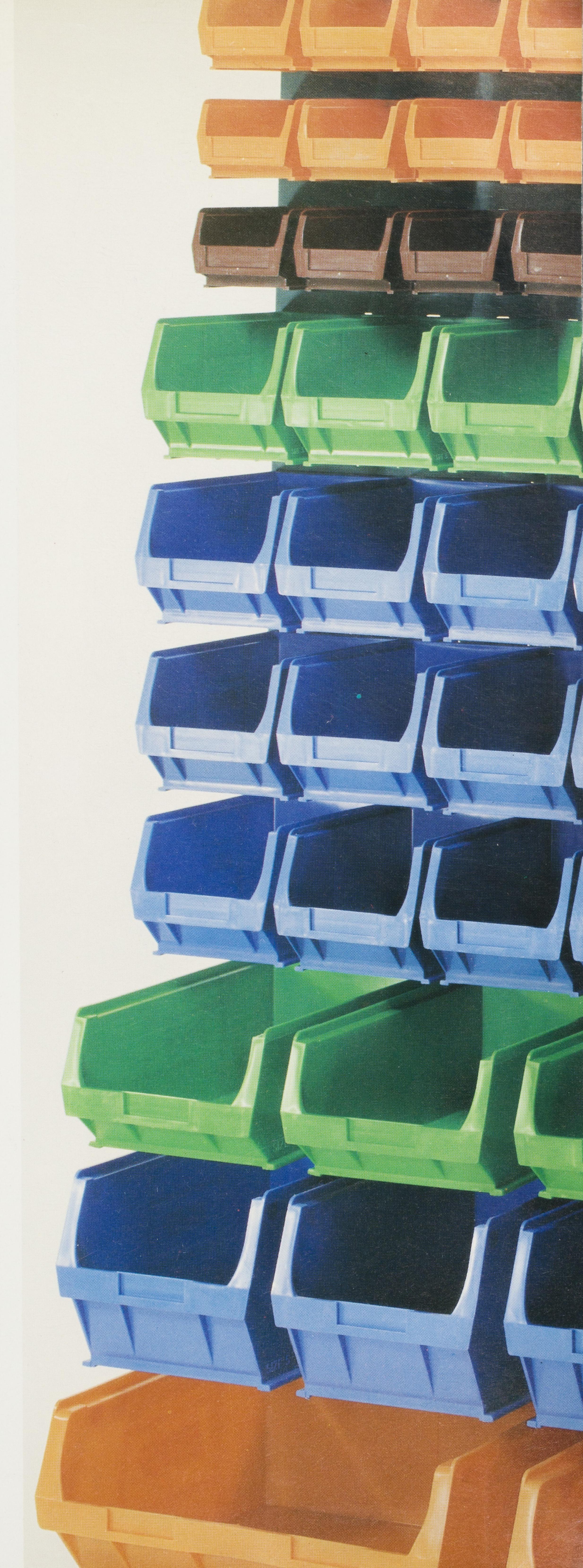
The tax charge is based on the profits measured on the current cost basis although the Inland Revenue do not accept this basis at present.

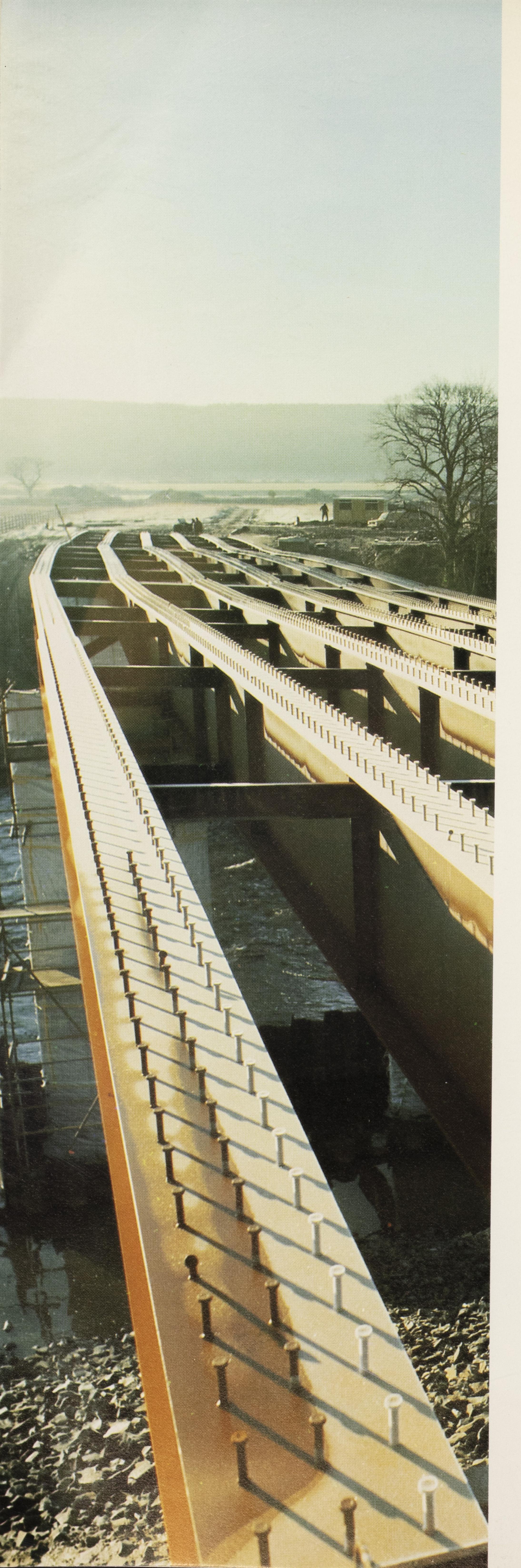
#### Fixed assets

Land and buildings have been valued at open market value arrived at by updating a professional valuation carried out during 1976.

The replacement cost of plant has been assessed by applying the Index of Consumer Goods and Services to the original cost. The replacement cost has been depreciated in accordance with policy used for the purpose of historical cost accounts.

|                    | £000   | £000   |
|--------------------|--------|--------|
| Land and buildings |        | 7,764  |
| Plant and motors   | 22,928 |        |
| Less Depreciation  | 17,986 | 4,942  |
|                    |        |        |
|                    |        | 12,706 |





### Share Ownership Statistics

|   | umber of holdings              | Number of shares   | %                  |
|---|--------------------------------|--|--------------------|
| ORDINARY SHARES 31  | .12.1977                       | 7  |                    |
| Up to 5,000 shares 5,001—10,000 shares 10,001—20,000 shares 20,001—40,000 shares Over 40,000 shares | 2,890<br>120<br>24<br>16<br>41 | 3,395,053<br>812,155<br>366,169<br>511,190<br>10,045,640 | 23<br>5<br>3<br>66 |
|   | 3,091                          | 15,130,207   | 100                |
| Type of holder  |                                |  |                    |
| Private individuals Banks and nominee   | 2,909                          | 4,225,633  | 28                 |
| companies   | 74                             | 2,284,716  | 15                 |
| Insurance companies   | 26                             | 4,964,684  | 33                 |
| Pension funds   | 44                             | 1,212,279  | 8                  |
| Investment trusts   | 7                              | 736,333  | 5                  |
| Other corporate holdings  | 31                             | 1,706,562  | 11                 |
|   | 3,091                          | 15,130,207   | 100                |

#### Shares held by directors and families

| ORDINARY SHARES  | 31.12.77 | 31.12.76   |
|------------------|----------|------------|
| N. Harlow        | 19,540   | 19,540     |
| F. J. Meldrum    | 4,000    | 4,000      |
|                  |          | (15.11.77) |
| J. S. Roper      | 8,567    | 8,567      |
| G. B. Sheldon    | 5,000    | 5,000      |
| H. J. Thomson    | 5,466    | 5,466      |
| J. M. Wardle     | 3,833    | 3,833      |
| S. Worrall       | 38,000   | 38,000     |
| PREFERENCE SHARE | S        |            |
| G. B. Sheldon    | 200      | 200        |

**Note:** Up to 31st March 1978 the only change in directors shareholdings is the purchase of 5,550 shares by Mr. J. M. Wardle.

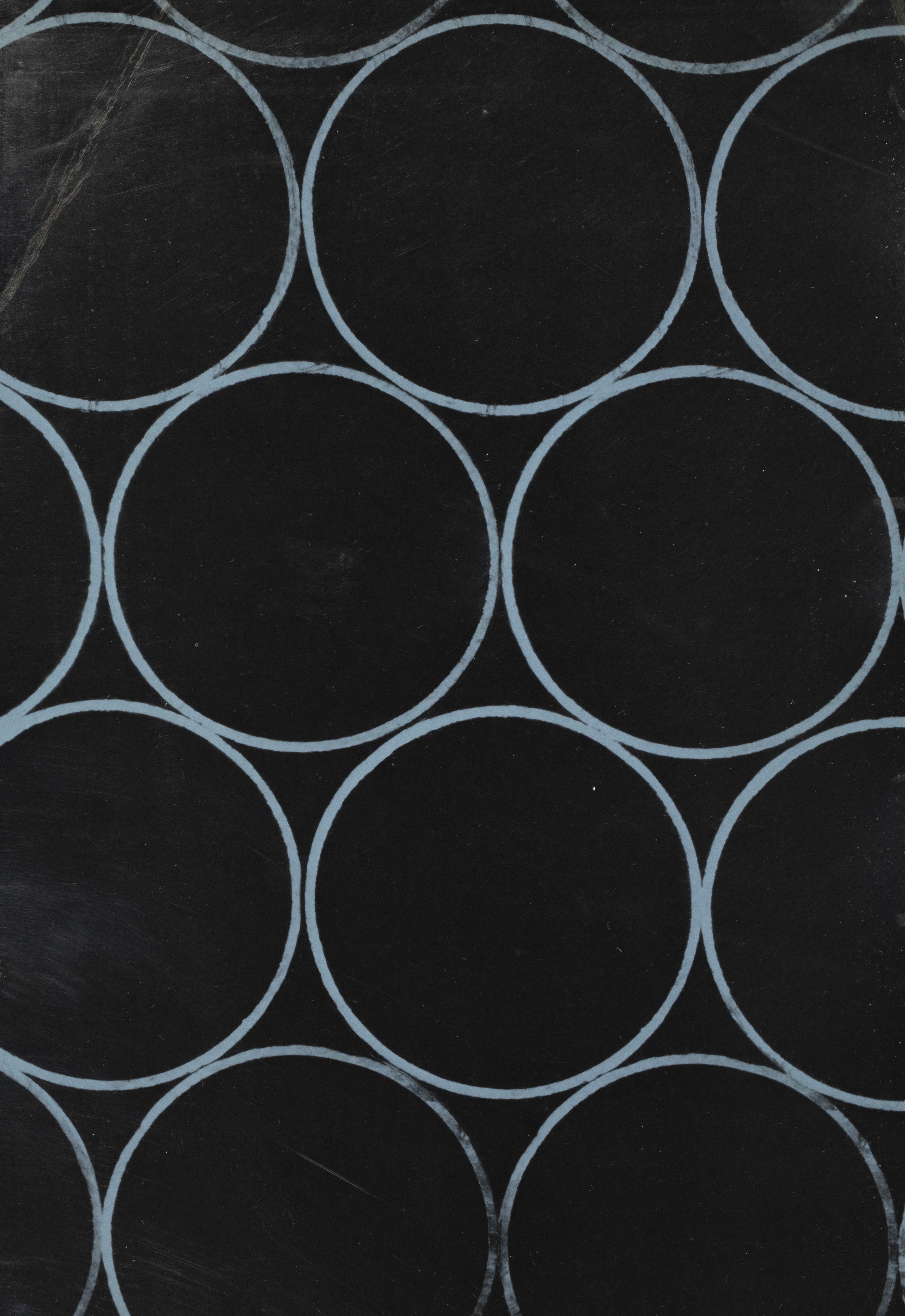
#### Substantial holdings

Holdings of more than 5% in the share capital of the company at 31st December 1977 and 31st March 1978 were:Staveley Industries Ltd. 1,581,000 ordinary shares

NOTE: The Company is not a close company under the provisions of the Finance Act 1965.

Designed by the Astle Horman Partnership,
Printed in England by Oyez Press Limited, Birmingham





# BARON

Interim report 1978

### BUSINESS INFORMA CENTRE

### Barton & Sons Limited

I stated at the annual general meeting in May that the first quarter of the current year — which is traditionally an indifferent quarter — had shown a record profit for that quarter and this is reflected in an unaudited profit before taxation for the half year to June 1978 of £1,930,000 — an increase of nearly 40% over the same period last year.

The interim dividend declared payable on the 3rd November 1978 is 1.1p per share which in view of the 1 for 5 scrip issue approved at the annual general meeting is an effective increase of 10%, but as also indicated at the meeting an additional dividend of 0.0261p per share has been declared in respect of the year 1977 in view of the reduction in the standard rate of income tax.

The results for the half year include a contribution to profits from the group's former South African subsidiary Bartons Tube & Conduits Limited, and as announced in the press this company has been sold (with effect from the 1st July 1978) and accordingly will make no contribution to the second half year. Although a full circular with regard to the disposal of our South African interests will be sent to shareholders as soon as possible I think some very brief comment with regard to such sale is required, particularly in view of my remarks in my statement included in the report and accounts for 1977. An opportunity arose to sell our South African interests at a price which your directors and their advisers considered to be extremely advantageous and probably incapable of achievement in the future. Notwithstanding the financial inducement the sale would not have been effected if your directors had not been completely satisfied that the purchaser was a first class employer and that the opportunities available to our former executives and workforce in a larger organisation were probably greater than if control of the company had been retained.

For the last two years the group results for the second half have been significantly better than for the first half, but it would be unrealistic to convey the impression that this will be repeated during the current year, as quite apart from the sale of the South African interests which in the first half year contributed £400,000 to profits there are slight indications of a reduction in demand in certain parts of the group. Nevertheless in the absence of unforeseen circumstances my colleagues and I will be disappointed if the results for the year as a whole are not at least as good as those for 1977. If dividend control still obtains at the appropriate time it is the intention of your board to recommend the maximum permissible final dividend, and in the perhaps unlikely event of the complete absence of dividend restraint serious consideration would be given to the recommendation of a materially higher dividend.

### Subsidiary Companies

19. SEP 1978

#### Steel tubing division

Barton Conduits Ltd

Barton Tube & Conduits Ltd

Barton & Sons S.A. (Proprietary) Ltd

**Barton Tubes Ltd** 

Wilfred Russell (Wolverhampton) Ltd

(sold August 1978)

(sold August 1978)

#### Structural steelwork and welded fabrication division

Wilfred Robbins Ltd

Wright, Anderson & Co. Ltd

Walton & Co. (Wolverhampton) Ltd

#### General engineering division

Alphacast Ltd

Alpha Computer Services Ltd

Barton Abrasives Ltd

Barton Handling Systems Ltd

Barton Industrial Park Ltd

Clydesdale Stamping Co. Ltd

Eyland & Sons Ltd

John Lawrie & Co (Aberdeen) Ltd

Premcast Aluminium Ltd

William Whitehouse & Co (Atlas Forge) Ltd

Neville House, 42-46 Hagley Road, Birmingham B16 8PA Tel. 021-454 7718

### BUSINESS INFORMATION CENTRE

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12th September 1978

John M. Wardle, Chairman.

### Group profit and loss account

for the half year January to June 1978

|                             | Half year to June 1978 £000 | Half year<br>to<br>Dec 1977<br>£000 | Half year to June 1977 £000 |
|-----------------------------|-----------------------------|-------------------------------------|-----------------------------|
| Turnover — U.K.             | 15,310                      | 15,001                              | 12,919                      |
| Overseas                    | 7,029                       | 6,240                               | 6,705                       |
|                             | 22,339                      | 21,241                              | 19,624                      |
| Trading profit — U.K.       | 1,361                       | 1,757                               | 1,041                       |
| Overseas                    | 698                         | 648                                 | 517                         |
|                             | 2,059                       | 2,405                               | 1,558                       |
| Interest                    | 129                         | 168                                 | 174                         |
| Group profit                | 1,930                       | 2,237                               | 1,384                       |
| Taxation                    | 973                         | 1,132                               | 700                         |
| Group profit after tax      | 957                         | 1,105                               | 684                         |
| Preference dividends        | 7                           | 7                                   | 7                           |
|                             | 950                         | 1,098                               | 677                         |
| Ordinary dividends          | 204                         | 313                                 | 186                         |
|                             | 746                         | 785                                 | 491                         |
|                             |                             |                                     |                             |
| Earnings per ordinary share | 5.23p                       | 6.05p                               | 3.73p                       |
| Dividend per ordinary share | 1.1261p                     | 1.7238p                             | 1.0234p                     |

327,000

347,000

#### Notes:

| • | Group profit is after charging |         |
|---|--------------------------------|---------|
|   | Depreciation                   | 427,000 |

All current figures in the interim statement are unaudited.

### Abridged balance sheet

at June 1978

|                            | June 19' £000 | 78     | December £000 | 1977   |
|----------------------------|---------------|--------|---------------|--------|
| Fixed assets               |               | 8,073  |               | 7,316  |
|                            |               |        |               |        |
| Current assets             |               |        |               |        |
| Stock and work in progress |               | 10,385 |               | 8,854  |
| Debtors                    |               | 10,683 |               | 10,140 |
| Cash and deposits          |               | 10     |               | 149    |
|                            |               | 21,078 |               | 19,143 |
| Less current liabilities   |               |        |               |        |
| Bank overdrafts and loan   | 2,323         |        | 1,499         |        |
| Creditors                  | 4,988         |        | 4,974         |        |
| Taxation                   | 371           |        | 524           |        |
| Dividends                  | 208           | 7,890  | 316           | 7,313  |
| Net current assets         |               | 13,188 |               | 11,830 |
|                            |               | 21,261 |               | 19,146 |

The charge for taxation is estimated and based upon current overseas tax rates and a U.K. corporation tax rate of 52%.

The figures for the overseas subsidiaries have been converted at the average rates of exchange applicable in the period for profit and loss account items and at the rate ruling at the end of June for balance sheet items.

The earnings and dividends per share for 1977 have been adjusted for the scrip issue in April 1978.